



Ernie Fletcher
Governor

LaJuana S. Wilcher, Secretary
Environmental and Public
Protection Cabinet

Christopher L. Lilly
Commissioner
Department of Public Protection

Honorable W. Randall Jones
Attorney at Law
Rubin & Hays
Kentucky Home Trust Building
450 South Third Street
Louisville, KY 40202

Commonwealth of Kentucky
Public Service Commission
211 Sower Blvd.
P.O. Box 615
Frankfort, Kentucky 40602-0615
Telephone: (502) 564-3940
Fax: (502) 564-3460
psc.ky.gov

Mark David Goss
Chairman

Teresa J. Hill
Vice Chairman

Gregory Coker
Commissioner

October 7, 2005

CERTIFICATE OF SERVICE

RE: Case No. 2005-00395
Carroll County Water District #1

I, Beth O'Donnell, Executive Director of the Public Service Commission, hereby certify that the enclosed attested copy of the Commission's Order in the above case was served upon the addressee by U.S. Mail on October 7, 2005.

Executive Director

BOD/sh
Enclosure

Honorable W. Randall Jones
Attorney at Law
Rubin & Hays
Kentucky Home **Trust** Building
450 South Third Street
Louisville, KY 40202

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF CARROLL COUNTY)	
WATER DISTRICT NO. ■ TO ISSUE SECURITIES)	
IN THE APPROXIMATE PRINCIPAL AMOUNT)	
OF \$845,000 FOR THE PURPOSE OF REFUNDING)	CASE NO.
CERTAIN OUTSTANDING OBLIGATIONS OF)	2005-00395
THE DISTRICT PURSUANT TO THE PROVISIONS)	
OF KRS 278.300)	

ORDER

On September 26, 2005, Carroll County Water District No. ■ (“Carroll”) submitted its application seeking Commission authority to obtain a Kentucky Rural Water Finance Corporation (“KRWFC”) loan in the amount of \$845,000, subject to an adjustment of up to 10 percent. Carroll estimates the KRWFC loan will have a 9-year term with an effective variable interest rate of 3 to 3.74 percent per annum. However, Carroll states that the KRWFC loan may vary from the present assumptions based upon market conditions and other business judgment factors.

As part of its application, Carroll moves for a deviation from the provision of Administrative Regulation 807 KAR 5:001, Section 6, requiring that, “[w]henever in these rules it is provided that a financial exhibit shall be annexed to the application, the said exhibit shall cover operations for a twelve (12) month period, said period ending not more than ninety (90) days prior to the date of application is filed.” However, Section 14 of that regulation permits a deviation upon the showing of good cause.

In support of its request, Carroll states that there has been no change that is material in nature in the financial condition or operation of Carroll since December 31,

2004. In its application, Carroll uses the financial data for the 12-month period ending December 31, 2004, the most recent published financial data available. Furthermore, because of the volatility of the bond market, Carroll cannot run the risk of delaying the closing of the 2005 Loan while more current financial data is compiled. Having considered Carroll's requested deviation, the Commission has determined that good cause for granting the deviation has been presented, and that there is sufficient financial information in the record for it to render a decision regarding the proposed KRWFC loan.

The loan proceeds of \$845,000 and internal funds of \$2,527 will be used to pay all issuance costs, fund the debt service fund, and refund Carroll's outstanding Lease with Star Bank, N.A. dated March 10, 1995, in the original principal amount of \$1,208,000 ("Lease"). The Lease is currently held by U.S. Bank, National Association, which is the successor to Star Bank, N.A. Carroll estimates that the proposed refunding will result in gross cash savings of \$127,946.08 with a net present value benefit of \$82,987.01.

The Commission, having considered the evidence of record and being otherwise sufficiently advised, finds that Carroll's proposed KRWFC loan is for a lawful object within its corporate purpose, is necessary and appropriate for and consistent with the proper performance of its service to the public, will not impair its ability to perform that service, is reasonably necessary and appropriate for such purpose, and should therefore be approved.

IT IS THEREFORE ORDERED that:

1. Carroll's motion to deviate from Administrative Regulation 807 KAR 5:001, Section 6, is granted.

2. Carroll is authorized to obtain the KRWFC loan, but only under such terms and conditions that will produce positive net present value savings.

3. If the actual terms and conditions of the KRWFC loan differ from those set forth in the application, Carroll shall, within 30 days of obtaining the loan authorized in this proceeding, file with the Commission amortization schedules and workpapers showing the gross and net present value savings that resulted from refinancing of the Lease.

4. Carroll shall, within 30 days of obtaining the KRWFC loan authorized herein, file with the Commission a statement setting forth the date the loan was obtained, the actual interest rates, and the principal amount.

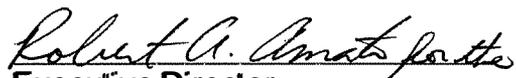
5. The proceeds from the transaction authorized herein shall be used only for the lawful purposes specified in the application.

Nothing contained herein shall be construed as a finding of value for any purpose or as a warranty on the part of the Commonwealth of Kentucky or any agency thereof as to the securities authorized herein.

Done at Frankfort, Kentucky, this 7th day of October, 2005.

By the Commission

ATTEST:


Executive Director